



**MTC Sales Tax Simplification Committee Teleconference
Wednesday, November 10, 1999
3:00pm to 4:30pm (Eastern)**

Minutes

I. Welcome and Introductions

Wayne Eggert, Committee Chair, called the meeting to order. The following individuals participated in the teleconference:

NAME	STATE/ORGANIZATION
Wayne Eggert, Committee Chair	National Tax Association
Gary Anderson	North Dakota Office of State Tax Commissioner
Scot Anderson	Connecticut Department of Revenue Services
Gerry Bair	Iowa Department of Revenue and Finance
Charles Collins	North Carolina Department of Revenue
Steve Cordi	Maryland Comptroller of the Treasury
Chuck Dieter	Colorado Department of Revenue
Jeff Graybill	California Board of Equalization
Sharon Jarvis	California Board of Equalization
Jim Turner	Indiana Department of Revenue
Jerry Knight	South Carolina Department of Revenue
Tim Leadbeater	Florida Department of Revenue
Norm Lobins	American Institute of Certified Public Accountants
Kathleen Lusk	Deloitte & Touche
Vince Magnacca	Goodyear Tire & Rubber Company
Bill Marshall	Ohio Department of Taxation
Jerry Orr	Committee on State Taxation
Bill Riesenberger	Ohio Department of Taxation
Tremaine Smith	Washington Department of Revenue
Michael Walden- Newman	
René Blocker	Multistate Tax Commission
Dan Bucks	Multistate Tax Commission
Jason Lumia	Multistate Tax Commission

II. Public Comment Period

There was no public comment.

III. Reports on Progress of State-Specific Simplification Subcommittees and Development of Reporting Plan for Subcommittees

Previously, States were assigned to Steering Committee members roughly by region. The Steering Committee members and the States they will monitor are:

Name	State
Frank Davis	DC, MD, NC, SC, VA
Wayne Eggert	AL, MA, NJ, PA, RI
Bruce Johnson	AZ, CO, NM, UT, WY
Fred Kiga	CT, ID, ME, VT, WA, WI
Norman Lobins	IN, KY, MI, MN, OH, WV
Wilma Murphree	HI, LA, NV, OK
Jerry Orr	AR, CA, FL, GA, MS
Mona Shoemate	ND, NY, SD, TN, TX
Quentin Wilson	IA, IL, KS, MO, NE

Norm Lobins reported that Jim Kerner, Bob Romack, and Don Miller will work to expand subcommittee participation in Indiana. Two industry representatives have been recruited for Michigan — John Polizzi from Ford Motor Company and Kathleen Lusk from Deloitte & Touche. Unfortunately, however, it was noted that Harry Pritt of West Virginia is retiring; a new State subcommittee member is sought in West Virginia. Mr. Lobins is presently waiting for a response from Kentucky as well.

Vince Magnacca provided an overview of an Ohio State subcommittee meeting that was recently held. The group identified potential simplification initiatives and classified them according to the four broad categories, *i.e.*, *Compliance Simplification*, *Policy Simplification*, *Audits and Appeals*, and *Education and Communication*, developed by the Simplification Planning Committee. Each initiative was gauged against a number of factors including fiscal impact, level of importance, feasibility of implementation, and legislative or administrative requirements. The group deliberated whether a “model” or “standard” policy exists for each of their catalogued initiatives, but decided to defer those questions for the time being.

Bill Marshall announced that Ohio has committed to accept the *MTC Uniform Resale Exemption Certificate*, with a footnote to be added, however. Thirty-six States currently accept the certificate. (The MTC has received verbal notification, with written confirmation forthcoming, that Pennsylvania will also accept the certificate.) It was also mentioned that while West Virginia does not currently accept the MTC certificate, there appears to be no prohibition against its acceptance of the certificate.

Jerry Orr informed the participants that work in Arkansas includes collaborating with local governments to draft a uniform definition as to whether the dollar threshold level at which goods become taxed pertains to goods on a “per item” or a “per invoice” basis. Mr. Orr also remarked that monthly State-industry meetings are regularly held in California to deliberate business taxes.

IV. Work of Committee and Task Forces on Implementation of Simplification Ideas

Exemption Processing Task Force

Jerry Orr, Exemption Processing Task Force Co-Chair, reported on the dialogue attendant to the *Sales Tax Simplification Task Forces Meeting* held on November 2, 1999. Mr. Orr remarked that there was a healthy dialogue, which centered primarily on the exemption identification number proposal developed within the Northwest Regional Sales Tax Pilot Project. It was observed that it would be quite advantageous to have a system yielding a more efficient method of tracking identification numbers and recognizing exempt transactions. Another participant affirmed his enthusiasm for the proposal in light of the technology currently available. Discussion encompassing a number of topics included:

- *Exemptions.* Differences in exemption treatment among the States run the gamut, *e.g.*, taxing all purchasers and providing them with a refund (North Carolina) or specifically exempting certain types of purchasers (Arkansas). There is also a vast array of both the different types of documents required and the different types of exemptions that are provided in each State;
- *Exempt Organizations.* Not every State requires all exempt purchasers/organizations to register and receive an exemption registration number;
- *Expiration Dates.* A uniform timeframe for the renewal of exemption certificates, *e.g.*, every one, three, or five years, was discussed. It was decided that in any event, the timeframe should impose no unreasonable processing burdens on either businesses or States. It was also noted that some States currently practice a “good-for-life” certificate policy.

Situs Task Force

Wilma Murphree was not present to provide an update as to the progress of the Situs Task Force. It was reiterated that as a starting point, the Task Force will look at the sourcing provisions in the NTA Communications and Electronic Commerce Project’s final report, with the caveat that the Task Force understand that while the NTA report reflects discussions surrounding sourcing proposals, no final recommendations were made. It was also suggested that the Task Force turn to the *Mobile Telecommunications Sourcing Act* (introduced in the 106th Session of Congress by Sens. Brownback and Dorgan as S.1755) as an additional point of reference. The Act, which is the result of a cooperative effort among the wireless industry and State and local governments, has been endorsed by the MTC, FTA, NGA, and other organizations. The MTC Uniformity Committee Members will work with this Task Force as well.

Refund Claim Process Task Force

Norm Lobins reported that initial progress has been made. Documentation and standards have been pulled together. He will be put in touch with the volunteers from the MTC Uniformity Committee. Those seeking information on the Task Force or willing to volunteer are asked to contact Mr. Lobins.

V. Update on Work of Related Projects of Other Organizations

Advisory Commission on Electronic Commerce (ACEC)

Tremaine Smith reported that the staff of the 12-member Drafting Committee, Co-Chaired by Governor James Gilmore (VA) and Robert Pittman (AOL), has submitted a paper summarizing the issues and policy options that are before the Commission. The crux behind this was to identify and help evaluate the tax proposals that are to be submitted by November 15th to the ACEC. Additionally, the issues and policy options paper will be used to form the basis of a formalized report upon the completion of the Commission. The next ACEC meeting is scheduled for December 14th and 15th in San Francisco, with a subsequent meeting scheduled from March 20-21, 2000 in Dallas. Mr. Smith will continue to keep the Committee updated apropos the activities of the ACEC.

VI. Additional Steps and Topics to Accomplish Committee's Purpose

Dan Bucks reported that MTC staff is currently developing a game plan for sending out regular updates on the sales tax simplification initiatives of both the Commission and the States to significantly enhance visibility of the efforts being undertaken and communication among the States. The MTC should take the initiative to circulate this information not only so that States can have a place of reference, but to enhance simplification support and to make others aware of these activities as well.

It was also noted that communication among the States and recognition of outstanding simplification efforts are vital to the success of overall sales tax simplification. It was advised that regional projects that have implemented a successful simplification proposal and advocate extending it on a national basis should inform the Committee.

VII. Future Meeting Plans

An information-sharing teleconference covering the events leading up to the December 14-15 ACEC meeting is scheduled for **Thursday, December 2, 1999, at 3:00pm Eastern Standard Time.**

The next teleconference of the Implementation Committee is scheduled for Thursday, January 27, 2000, at 3:00pm Eastern Standard Time.

VIII. Adjournment

*Please remember that it was determined that State-specific subcommittees, the States, and businesses should send illustrations of sales tax simplification progress and accomplishments to the MTC staff so that a clearinghouse of information can be established. The MTC will begin posting these documents on the MTC website at <http://www.mtc.gov>. Please forward submissions to **both** Wayne Eggert (Committee Chair) at wgeggert@lucent.com and René Blocker at rblocker@mtc.gov.*